

DEVON ENERGY CORPORATION
20 NORTH BROADWAY, SUITE 1500
OKLAHOMA CITY, OK 73102-8260
OFFICE (405) 235-3611

FAX TRANSMISSION
XEROX 7033 (405) 552 4550
MINICO MK-3060 (405) 552-4552

DATE: 6-16-93

TO: Mike Stogner

COMPANY: OCD

FAX PHONE: (505) 827-5741

OFFICE PHONE: _____

FROM: Randy Jackson
DEVON ENERGY CORPORATION

MESSAGE: Enclosed is a copy of the letter
of notice mailed to Arco in reference
to the non-standard location for the
West Red Lake Unit #35

TRANSMISSION COMPLETED: _____

**DEVON
ENERGY
CORPORATION**

20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/236-4258

June 16, 1993

RE: West Red Lake Unit #35
Non-Standard Location Approval

Arco Oil and Gas
P. O. Box 1610
Midland, TX 79702

Certified Letter #: P 373 549 734

Dear Sirs:

We have applied for a permit to drill the above referenced well. The proposed well site is within our West Red Lake Unit in Eddy County, NM and affects the following Arco properties:

Empire Abo Unit L #5
Empire Abo Unit L #6
Compton #4
Empire Abo Unit N #4
Chalk Bluff Draw Unit
Empire Abo Unit M #6
Empire Abo Unit N #5
Empire Abo Unit N #6

The West Red Lake Unit #35 is located:

330' FNL & 240' FWL
Section 9-T18S-R2/E

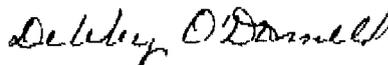
Page 2

The State of New Mexico Oil Conservation Division has ruled that this location is "non-standard". They require that we obtain Non-Standard Location Approval from their Santa Fe Office before allowing the Bureau of Land Management to issue us a permit. The NSL approval process requires that we notify offset operators and submit Proof of Notice.

Please accept this certified letter as notification. If you have any questions, please call Randy Jackson at (405) 552-4560.

Sincerely yours,

DEVON ENERGY CORPORATION



Ms. Debby O'Donnell
Engineering Technician

cc.

Oil Conservation Division - Santa Fe, NM
Bureau of Land Management - Carlsbad, NM

**DEVON
ENERGY
CORPORATION**

20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/236-4258

May 26, 1993

RE: **East Shugart Unit #38**
 Non-Standard Location Approval

Mr. Jack Plemons
1010 West Avenue H
Lovington, NM 88260

Certified Letter #: P 373 549 733

Dear Mr. Plemons:

The BLM has issued us a permit to drill the above referenced well. The proposed well site is within our East Shugart Unit in Eddy County, NM and offsets your wells in Unit A of Section 3-T19S-R31E. Our maps (based on Dwights Production Data) show that you operate the following wells in Unit A of Section 3-T19S-R31E:

McFadden Federal #1
McFadden Federal #2
McFadden Federal #4
McFadden Federal #5-Y

The East Shugart Unit #38 is located in:

1060' FSL & 2430' FEL
Section 34-T18S-R31E

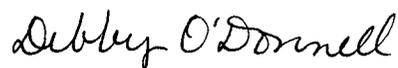
The State of New Mexico Oil Conservation Division has ruled that this location is "non-standard". They require that we obtain Non-Standard Location Approval from their Santa Fe Office before issuing an allowable. The NSL approval process requires that we notify offset operators and submit Proof of Notice.

Page 2

Please accept this certified letter as notification. If you have any questions, please call Randy Jackson at (405) 552-4560.

Sincerely yours,

DEVON ENERGY CORPORATION

A handwritten signature in cursive script that reads "Debby O'Donnell".

Ms. Debby O'Donnell
Engineering Technician

cc.

Oil Conservation Division - Artesia, NM (Mark Ashley)

Oil Conservation Division - Santa Fe, NM (Mike Stogner)

OIL CONSERVATION DIVISION
RECEIVED

'93 JUN 1 AM 9 58

**DEVON
ENERGY
CORPORATION**

20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/236-4258

May 26, 1993

Oil Conservation Division
Principal Office
P.O. Box 2088
Santa Fe, NM 87504
Attn: Mike Stogner

RE: Non-Standard Location Approval
East Shugart Unit #38
1060' FSL & 2430' FEL
Section 34-T18S-R31E
Eddy County, NM

Dear Sirs:

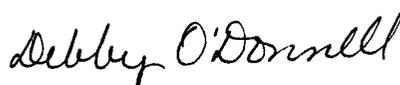
On May 10, 1993, we received a letter from the Artesia District office instructing us to apply for "Non-Standard Location Approval" for the referenced well. As per your request, we are submitting the following document to support the approval of this location:

- copy of the letter submitted to the offset operator, Jack Plemons of Lovington, NM

Please contact Randy Jackson at (405) 552-4560 if you have any questions or need additional information. Thank you for your attention in this matter.

Sincerely yours,

DEVON ENERGY CORPORATION



Debby O'Donnell
Engineering Technician

Enc.

**DEVON
ENERGY
CORPORATION**70 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

Fax 405/236 4258

May 25, 1993

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil and Gas Division
P.O. Box 2688
Santa Fe, New Mexico 87504-2088

Attention: Mike Stognor

Dear Mr. Stognor:

On May 6, 1993 Devon Energy was notified by the OCC's Mark Ashley that our proposed East Shugart Unit #38 to be located 1060' FSL & 2430' FEL of Section 34 - T18S - R31E Eddy County, New Mexico is an unorthodox location. Attached is a plat of the East Shugart Unit showing the unit boundaries and all the wells within; and, Form 3160-3 and C - 102. The offset operator in the 40 acre tract immediately southeast of the proposed location will be notified by certified mail. A copy of our notification to the operator will be sent to your office along with the certified mail number. The remaining wells that offset this proposed location are owned and operated by Devon Energy Corporation, therefore, no other notification is required. Mark Ashley also stated that I should inform you that the East Shugart Unit is a federal unit.

Should you require any additional information regarding this unorthodox location or the issuing of an allowable please notify me at 405-552-4560.

Sincerely,



Randy Jackson

Form 3166-3
(November 1990)

NEW OIL CONS. CO. DESIGN
BUREAU OF
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

UNIT IN 1 LOCATION
1987

Form approved
Bureau Order No. 1004-010
December 31, 1991

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1. TYPE OF WELL
DRILL DEEPEN

2. KIND OF WELL
WELL WELL OTHER

3. NAME OF OPERATOR
Devon Energy Corporation (Nevada)

4. ADDRESS OF OPERATOR
20 North Broadway Suite 1800 Oklahoma City, OK 73102

5. LOCATION OF WELL (Name Section Range and Township)
1060' FSL & 2430' FEL
At proposed prod. area

6. SURFACE TO BE DRILLED FROM NEAREST TOWN OR POST OFFICE
15 1/2 miles southeast of Loco Hills, New Mexico

7. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY ON LAND LEVEL, FE.
(Also to nearest city, town, etc., if any.) 1060'

8. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, SECTION, CORNER, OR OTHER P.M. ON THIS LAND, FE. 660'

9. SURFACE TO BE DRILLED FROM NEAREST TOWN OR POST OFFICE
15 1/2 miles southeast of Loco Hills, New Mexico

10. NO. OF LOTS IN LEASE 80

11. NO. OF ACRES ADJACENT TO THIS WELL 40

12. PROPOSED DEPTH 4400'

13. DEPTH TO NEAREST WELL 4400'

14. SURFACE TO BE DRILLED FROM NEAREST TOWN OR POST OFFICE
15 1/2 miles southeast of Loco Hills, New Mexico

15. APPROVAL DATE WHEN WELL START* April 15, 1993

RECEIVED
MAY 9 1993

PROPOSED CASING AND CEMENTING PROGRAM *

SIZE OF HOLES	CASING STRONGNESS	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	20"		40'	
11"	8 5/8" WC	30.24 ppf	950'	cement with ready-mix to surface
7 7/8"	5 1/2" J-55	15.5 ppf	4400'	200 sx LITE + 100 sx Class C 150 sx LITE + 375 sx Class C

* We plan to circulate cement to surface on all three strings (conductor, surface and longstring).

Devon Energy proposes to drill to approximately 4400' to test the Yates and Queen sands for commercial quantities of oil. If the Yates and Queen are deemed non-commercial, the wellbore will be plugged and abandoned per Federal regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

Drilling Program

Surface Use and Operating Plan
Exhibit #1 and #1-A = Blowout Prevention Equipment
Exhibit #2 = Location and Elevation Plat
Exhibit #3 = Planned Access Roads
Exhibit #4 = Wells Within a One Mile Radius

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

Exhibit #5 = Production Facilities Plat
Exhibit #6 = Rotary Rig Layout
Exhibit #7 = Casing Design Program
Evidence of Bond Coverage

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface formation and thickness and true vertical depth. Give blowout prevention program, if any.

SIGNED: Charles W. Hoxman TITLE: District Engineer DATE: 2/26/93

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approved does not warrant or certify that the applicant holds legal or equitable title to these rights in the subject lease which would enable the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

(1000) RICHARD L. BRANUS

APPROVED BY: _____ TITLE: _____ DATE: 5/3/93

See Instructions On Reverse Side

TITLE 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or communications or to any matter within its jurisdiction.

SENT BY:

5-26-93 8:32AM

DEVON ENERGY-

5058275741:# 3/ 4

Submit to Appropriate
District Office
State Lease - 4 copies
Per Lease - 2 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-88

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

EXHIBIT #2**DISTRICT I**

P.O. Box 1000, Hobbs, NM 88240

DISTRICT II

P.O. Drawer 20, Artesia, NM 88210

DISTRICT III

1806 Rio Grande Rd., Artesia, NM 87420

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator DEVON ENERGY		Lease EAST SHUGART UNIT		Well No. 38
Unit Letter D	Section 34	Township 18 SOUTH	Range 31 EAST	County WALSH
Actual Footage Location of Well: 1000 feet from the SOUTH line and 2430 feet from the EAST line				
Ground Level Elev. 3818.0'	Producing Formation Yates and Queen Sands		Pool Shugart	Dedicated Acreage: 40 ACRES
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, forced-pooling, etc.?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "No" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)</p> <p>No allowables will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>				
			<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information considered herein is true and complete to the best of my knowledge and belief.</p>	
			<p>Signature <i>Charles W. Horsman</i></p> <p>Printed Name Charles W. Horsman</p>	
			<p>Position District Engineer</p> <p>Company Devon Energy Corporation (Nevada)</p>	
			<p>Date January 15, 1993</p>	
			<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.</p>	
			<p>Date Surveyed DECEMBER 4, 1992</p>	
			<p>Signature & Seal of Professional Surveyor <i>Ronald Jones</i></p>	
			<p>Registration No. JOHN W. 4967 272 RONALD JONES 2222 8271 JONES 1911 92-11-1888</p>	

MAY-26-93 WED 07:29

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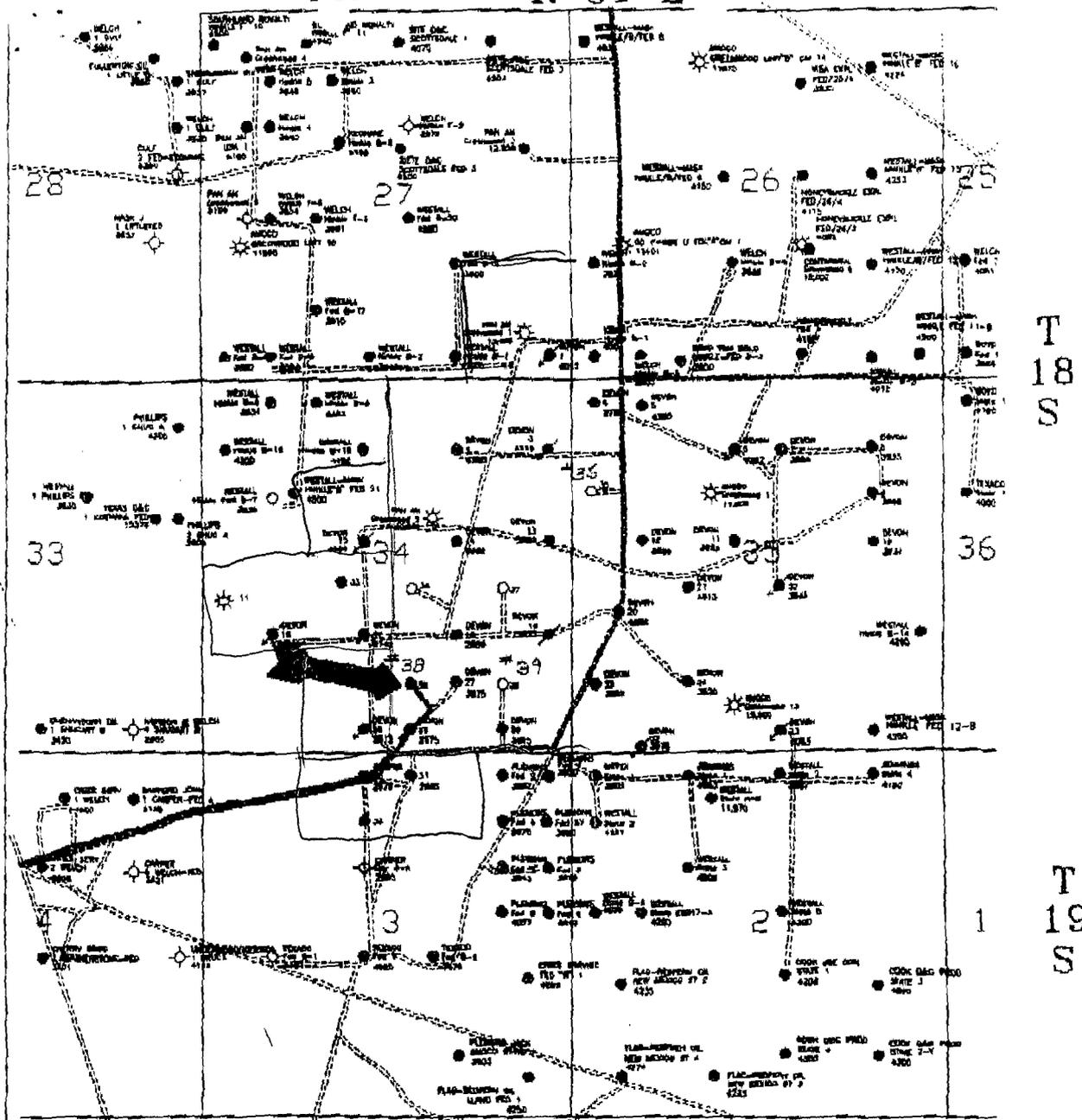
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SENT BY:

5-26-93 ; 8:32AM

DEVON ENERGY

5058275741;# 4/ 4



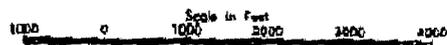
DEVON

EAST SHUGART UNIT

8000 BARRETT, NEW MEXICO

EAST SHUGART UNIT #38

EXHIBIT 3



7/93

4052364258

P.04

07:30

(SHUGART (ATLANTIC-RICHFIELD-QUEEN PILOT WATER-FLOOD) POOL - Cont'd.)

(5) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Atlantic-Richfield Company, is hereby authorized to institute a pilot waterflood project in the Shugart Pool by the injection of water into the Queen formation through an injection well to be drilled at an unorthodox location 100 feet from the North line and 100 feet from the West line of Section 23, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

(2) That the subject pilot waterflood project is hereby designated the Atlantic Richfield Shugart Panco Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(3) That monthly progress reports of the pilot waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

(2) That the applicant, Atlantic Richfield Company, seeks permission to institute a waterflood project in its East Shugart Unit Area, Shugart Pool, by the injection of water into the Yates and Queen formations through 10 injection wells in Sections 27, 34, and 35, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, and through the following-described well which is to be drilled at an unorthodox location:

East Shugart Unit Well No. 32, to be located 100 feet from the South line and 990 feet from the West line of said Section 35.

(3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Atlantic Richfield Company, is hereby authorized to institute a waterflood project in its East Shugart Unit Area, Shugart Pool, by the injection of water into the Yates and Queen formations through the following-described wells in Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico:

Well	No.	Unit	Section	New Unit Well No.
Atlantic Richfield Co. Hinkle "B"	3	P	27	1
Atlantic Richfield Co. Hinkle "A"	13	A	34	3
Atlantic Richfield Co. Hinkle "B"	5	F	34	15
Atlantic Richfield Co. Hinkle "A"	3	I	34	19
Atlantic Richfield Co. Hinkle "B"	6	L	34	16
Atlantic Richfield Co. Hinkle "B"	1	N	34	29
Cities Service Oil Co. Hinkle "A"	1	O	34	28
Atlantic Richfield Co. Hinkle "A"	12	C	35	6
Atlantic Richfield Co. Hinkle "B"	4	J	35	22
Atlantic Richfield Co. Hinkle "B"	7Y	O	35	23
East Shugart Unit Well No. 32 to be drilled at an unorthodox location 100' FSL and 990' FWL - Section 35				

**SHUGART POOL
(Atlantic Richfield East Shugart Waterflood)
Eddy County, New Mexico**

Order No. R-3769, Authorizing Atlantic Richfield Company to Institute a Waterflood Project in the East Shugart Unit Area, Shugart Pool, Eddy County, New Mexico, May 28, 1969.

Application of Atlantic Richfield Company for a Waterflood Project and Unorthodox Injection Well Location, Eddy County, New Mexico.

CASE NO. 4138
Order No. R-3769

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 21, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 28th day of May, 1969, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the subject waterflood project is hereby designated the Atlantic Richfield East Shugart Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

